



JOHNS HOPKINS

BLOOMBERG SCHOOL
of PUBLIC HEALTH

Private-to-Medicare Price Ratios in Utah ER

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****These are preliminary results for a work-in-progress JHU Analysis. Our methodology is still in development**

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Thank you to Amber Wilink, Gerard Anderson, Aditi Sen, Ge Bai, Yang Wang, and Mark Meiselbach

Part 1: Analysis

Study overview

- ▶ Private-to-Medicare price ratios were calculated in the following settings: inpatient, post-stabilization, and ER
 - Private claims are from the Truven Health MarketScan® commercial claims and annual enrollment data
 - Medicare claims are from 5% Medicare sample
- ▶ Admissions/visits were further categorized by the following criteria:

| Category | Description |
|-----------------------------------|---|
| Any OON | At least one service during a visit paid out-of-network |
| OON facility | Facility-associated line items paid out-of-network |
| Facility in-network, provider OON | All facility-associated line items paid in-network, but at least one provider service paid out-of-network |
| All in-network | Every facility- and provider-associated line item paid in-network |

Results: inpatient OON frequencies

| State | Tot. adm. | OON adm. | % | Fac. OON adm. | % | All IN adm. | % | OON provider adm. | % |
|---|--------------|------------|--------------|---------------|-------------|--------------|--------------|-------------------|-------------|
| Frequencies and price ratios among any inpatient admissions | | | | | | | | | |
| US | 414,554 | 60,665 | 14.6% | 21,727 | 5.2% | 353,889 | 85.4% | 38,938 | 9.4% |
| Utah | 3,923 | 521 | 13.3% | 319 | 8.1% | 3,402 | 86.7% | 202 | 5.1% |
| Arizona | 6,797 | 1,421 | 20.9% | 532 | 7.8% | 5,376 | 79.1% | 889 | 13.1% |
| Frequencies among any post-stabilization inpatient admissions | | | | | | | | | |
| US | 227,371 | 31,601 | 13.9% | 8,279 | 3.6% | 195,770 | 86.1% | 23,322 | 10.3% |
| Utah | 1,880 | 292 | 15.5% | 178 | 9.5% | 1,588 | 84.5% | 114 | 6.1% |
| Arizona | 3,631 | 557 | 15.3% | 163 | 4.5% | 3,074 | 84.7% | 394 | 10.9% |

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Results: inpatient price ratios

| State | All admissions | Any service OON | Facility OON | All IN | Facility IN, provider OON |
|--|----------------|-----------------|--------------|-------------|------------------------------|
| Price ratios among any inpatient admissions | | | | | |
| US | 2.21 | 2.72 | 2.45 | 2.11 | 2.76 |
| Utah | 2.35 | 2.65 | 2.50 | 2.28 | 2.83 |
| Arizona | 2.36 | 2.68 | 2.85 | 2.17 | 2.58 |
| Price ratios among any post-stabilization inpatient admissions | | | | | |
| US | 2.03 | 2.41 | 2.14 | 1.96 | 2.46 |
| Utah | 2.27 | 2.47 | 2.34 | 2.23 | 2.61 |
| Arizona | 2.06 | 2.34 | 3.00 | 2.01 | 2.15 |

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Results: ER OON frequencies

Table 5. Frequencies among ER visits

| State | CPT | Tot. visits | OON visits | % | Fac. OON visits | % | All IN visits | % | Provider OON visits | % |
|---------|-------|-------------|------------|-------|-----------------|------|---------------|-------|---------------------|------|
| Arizona | 70450 | 5,802 | 514 | 8.9% | 55 | 0.9% | 5,288 | 91.1% | 459 | 7.9% |
| Arizona | 93010 | 9,543 | 698 | 7.3% | 80 | 0.8% | 8,845 | 92.7% | 618 | 6.5% |
| Arizona | 99283 | 29,326 | 932 | 3.2% | 298 | 1.0% | 28,394 | 96.8% | 634 | 2.2% |
| Arizona | 99284 | 36,086 | 1,292 | 3.6% | 252 | 0.7% | 34,794 | 96.4% | 1,040 | 2.9% |
| Arizona | 99285 | 28,558 | 1,658 | 5.8% | 213 | 0.7% | 26,900 | 94.2% | 1,445 | 5.1% |
| Utah | 70450 | 2,308 | 366 | 15.9% | 137 | 5.9% | 1,942 | 84.1% | 229 | 9.9% |
| Utah | 93010 | 4,689 | 569 | 12.1% | 234 | 5.0% | 4,120 | 87.9% | 335 | 7.1% |
| Utah | 99283 | 14,958 | 1,046 | 7.0% | 743 | 5.0% | 13,912 | 93.0% | 303 | 2.0% |
| Utah | 99284 | 20,132 | 1,558 | 7.7% | 907 | 4.5% | 18,574 | 92.3% | 651 | 3.2% |
| Utah | 99285 | 12,232 | 1,234 | 10.1% | 560 | 4.6% | 10,998 | 89.9% | 674 | 5.5% |
| US | 70450 | 306,240 | 35,346 | 11.5% | 5,427 | 1.8% | 270,894 | 88.5% | 29,919 | 9.8% |
| US | 93010 | 617,253 | 67,363 | 10.9% | 7,957 | 1.3% | 549,890 | 89.1% | 59,406 | 9.6% |
| US | 99283 | 1,813,167 | 118,868 | 6.6% | 31,435 | 1.7% | 1,694,299 | 93.4% | 87,433 | 4.8% |
| US | 99284 | 2,010,365 | 150,093 | 7.5% | 33,161 | 1.6% | 1,860,272 | 92.5% | 116,932 | 5.8% |
| US | 99285 | 1,305,793 | 130,591 | 10.0% | 20,185 | 1.5% | 1,175,202 | 90.0% | 110,406 | 8.5% |

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Results: ER price ratios

Table 6. Price ratios among ER visits

| Stater | CPT | All visits | Any service OON | Facility OON | All IN | Facility IN, provider OON |
|---------|-------|------------|-----------------|--------------|--------|------------------------------|
| US | 70450 | 3.37 | 4.79 | 3.86 | 3.18 | 4.96 |
| US | 93010 | 1.68 | 2.31 | 2.01 | 1.60 | 2.35 |
| US | 99283 | 3.48 | 4.74 | 3.60 | 3.39 | 5.15 |
| US | 99284 | 3.02 | 3.93 | 3.27 | 2.95 | 4.12 |
| US | 99285 | 2.62 | 3.39 | 3.06 | 2.54 | 3.46 |
| Utah | 70450 | 4.82 | 8.59 | 8.32 | 4.11 | 8.75 |
| Utah | 93010 | 1.81 | 2.77 | 2.23 | 1.68 | 3.15 |
| Utah | 99283 | 4.18 | 6.20 | 5.16 | 4.02 | 8.73 |
| Utah | 99284 | 4.12 | 5.87 | 5.13 | 3.97 | 6.90 |
| Utah | 99285 | 3.86 | 5.63 | 5.04 | 3.66 | 6.12 |
| Arizona | 70450 | 3.10 | 5.93 | 3.95 | 2.83 | 6.16 |
| Arizona | 93010 | 2.00 | 3.09 | 2.84 | 1.91 | 3.13 |
| Arizona | 99283 | 3.52 | 6.18 | 4.22 | 3.43 | 7.11 |
| Arizona | 99284 | 3.18 | 7.34 | 8.73 | 3.03 | 7.00 |
| Arizona | 99285 | 2.25 | 4.08 | 4.26 | 2.13 | 4.06 |

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Findings

- ▶ In Utah, private insurers pay 2-3x more than Medicare for inpatient admissions, which is similar to the ratios paid nationally and in Arizona
- ▶ The largest driver of the ratios is out-of-network billing by providers; this practice, however, is less frequent in Utah than it is nationally and in Arizona
- ▶ In the ER setting, the ratio of prices can range substantially based on the CPT codes billed during the visit. However, the ratio of prices are higher in Utah than they are nationally in this setting.
- ▶ For the most expensive CPT code, for diagnostic radiology of the head and neck, prices paid by private insurers can be up to 9x higher than Medicare when a provider is paid out-of-network

Part 2: Policy Options

Payment Standards for Out-of-Network Billing

- ▶ Options put forward in other legislation/proposals include:
 - ▶ % of Medicare rate
 - ▶ % of Median in-network rate
 - ▶ % of Billed charges
- ▶ In some proposals, all three options are put forward and the final OON payment is the greater of the two or three alternatives

Design Considerations

- ▶ Price transparency
 - ▶ Medicare has a formula to determine prices which is regularly audited and publicly available
 - ▶ Median in-network rates are a reflection of both cost and market power between providers and insurers
 - ▶ Billed charges are providers' asking price and are not constrained by market forces
- ▶ Availability of data
 - ▶ Medicare has prospective payment system which means payments can be determined in real-time
 - ▶ In-network median rates have data availability lag,
 - All-payer claims database can help states determine in-network rate if it exists
 - Could use median in-network rate prior to legislative change and then adjust annually for medical cost inflation

Design Considerations

- ▶ Impact on network participation rates
 - ▶ In-network providers unlikely to agree to be below median in-network rate which would increase both the in-network median and out-of-network payment rate up
 - ▶ Insurers may be unlikely to include high cost providers in their network if OON rate set lower.
 - ▶ In Utah, providers currently have greater negotiating power due to high provider concentration. Setting OON payment standard gives some negotiating power to insurers.

State Examples

- ▶ State approaches depend on existing infrastructure (i.e. All-payer claims database)
- ▶ Examples of state payment standards
 - ▶ Colorado: greater of 1) Carrier's median in-network rate for reimbursement, 2) 250% of Medicare, 3) Median in-network rate based on claims data from Colorado APCD
 - ▶ New Mexico: greater of 1) 60th percentile of in-network rate in prior year or 2) 150% of Medicare rate
 - ▶ Connecticut: greater of 1) carrier's median in-network rate 2) usual, customary and reasonable rate, 3) Medicare rate

Methods Appendix

Study overview

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Methods: price ratios in inpatient setting

- ▶ Below method performed separately among ALL admissions and for post-stabilization admissions (inpatient admissions originating in ER)
- ▶ Among all (and post-stabilization) admissions, calculated frequencies of DRGs were calculated in MarketScan across all states
- ▶ A market basket of the most frequent DRGs in MarketScan comprising 50% of total admissions was created, excluding delivery DRGs.
- ▶ Within each state and across all states, then:
 - Calculate average cost of admission in Medicare and MarketScan among included DRGs, with each DRG weighted according to its overall frequency across all states in MarketScan
 - In MarketScan, also calculated these weighted costs separately by OON status – based on paid network
 - Calculated ratios

Methods: price ratios in ER

- ▶ For the most common CPT codes billed in the ER setting, first identified ER visits associated with that CPT
- ▶ Within each state and across all states, then:
 - Calculate average cost of ER visits in Medicare and MarketScan associated with that CPT code
 - In MarketScan, also calculated these costs separately by OON status – based on paid network
 - Calculated ratios